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DISSEMINATION

for BANK OF THE NETHERLANDS
ANTILLES file

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DISSEMINATION

From: Fitz-Pegado, Lauri
Sent: Thursday, December 10, 2009
To: [name]
Subject: Draft Letter re Netherlands Antilles

Dear [name]:

Thank you for your time yesterday meeting with me and the delegation from the Netherlands Antilles.

As we mentioned, we are providing the attached draft letter to Sec. Geithner. Please let us know if Sen. Gillibrand is willing to sign it.

Please let us know what information we might provide as you pursue your due diligence and if you have questions or suggestions.

Kind regards,

Lauri Fitz-Pegado
Partner
The Livingston Group, LLC

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Central Bank of the Netherlands
December 10, 2009

DRAFT

December 8, 2009

The Honorable Timothy F. Geithner
Secretary
United States Department of the Treasury
1500 Pennsylvania Avenue, NW
Room 3330
Washington, D.C., 20220

Dear Mr. Secretary:

We are writing as a follow up on the December 9, 2009 discussions Finance Minister de Lannooy and Central Bank President Emsley Tromp of the Netherlands Antilles, and Ambassador Jones-Bos of the Netherlands had with Acting Assistant Secretary for Tax Policy Mundaca on a double taxation treaty between the United States and the Netherlands Antilles. We are pleased that the Treasury has resumed its discussions with Finance Minister de Lannooy which began in 2003 and look forward to these discussions producing a double taxation treaty on an expedited basis.

As you know, the Netherlands Antilles is looking to strengthen and diversify its economy by increasing foreign direct investment (FDI), particularly from the United States. We believe such a bilateral treaty would strengthen our relationship with the Netherlands Antilles and support regional security by encouraging economic stability and diversity.

As a valued strategic partner of the United States, the Netherlands Antilles has been very supportive of our efforts to protect important interests in the Caribbean Basin. A Forward Operating Location (FOL) on Curacao provides support for drug interdiction efforts in the region. However, because of its strategic location, responses within the region have negatively affected its economy.

In addition, the Netherlands Antilles has actively cooperated with the United States in the area of offshore tax compliance and enforcement. The Netherlands Antilles has changed its tax laws to be compliant with international norms and has fully met its commitments to the Organization for Economic Co-operation and Development's (OECD) principles of transparency and effective exchange of information. In that regard, it is on the OECD's "white list" developed by the OECD at the direction of the Group of Twenty meeting in which President Obama participated earlier this year.

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To date, the Netherlands Antilles has entered into twenty-two tax information exchange agreements (TIEAs), including one with the United States. Its TIEA with the United States, signed in 2002, which was one of the first signed in the aftermath of the terrorist attacks of September 11, 2001, was an important part of our Nation's anti-terrorism efforts to address money laundering. The negotiation of a bilateral double taxation treaty was a part of the TIEA deliberations, and was one of the considerations leading the Netherlands Antilles to sign this agreement.

The substantial steps taken by the Netherlands Antilles and the important assistance provided to the United States on tax and other matters should be recognized and reciprocated. A double taxation treaty would benefit the United States and U.S.-based investors, as well as the Netherlands Antilles, by reducing tax-related barriers to bilateral trade and investment.

Again, we appreciate the Treasury Department's efforts to continue these very important discussions that will produce a double taxation treaty.

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